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SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

SIXTEENTH ANNUAL REPORT

2009 - 2010

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REGISTERED OFFICE	117 / 118, 'B' WING DALAMAL TOWERS, NARIMAN POINT, MUMBAI - 400 021. TEL NO.: +91-22-22842508
CORPORATE OFFICE & CORRESPONDENCE	106, SHIV CHAMBERS, 'B' WING, 1ST FLOOR, SECTOR - 11, C.B.D. BELAPUR, NAVI MUMBAI - 400 614. TEL NO.: +91-22-27577556 / 27579301 TELEFAX NO.: +91-22-27566634 Website : www.shriramamc.com
BOARD OF DIRECTORS	MR. R. NARAYANAN - Chairman MR. R. SUNDARA RAJAN - Managing Director MR. S. RAJARATNAM MR. LALIT P. MEHTA MR. S. BAPU
COMPANY SECRETARY	MS. REENA YADAV
AUDITORS	M/S. K. S. AIYAR & CO. CHARTERED ACCOUNTANTS # F-7, LAXMI MILLS, SHAKTI MILLS LANE, (OFF. DOCTOR E-MOSES ROAD) MAHALAXMI, MUMBAI - 400 011.
SHARE TRANSFER AGENTS	PURVA SHAREGISTRY (INDIA) PVT. LTD. 9, SHIV SHAKTI INDUSTRIAL ESTATE, GROUND FLOOR, SITARAM MILLS COMPOUND, J. R. BORICHA MARG, MUMBAI - 400 011. TEL. NO.: +91-22-23016761 TELEFAX NO.: +91-22-23012517

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SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

Registered Office : 117/118, Dalamal Towers, Nariman Point, Mumbai - 400 021.

NOTICE

NOTICE is hereby given that the SIXTEENTH Annual General Meeting of the Members of Shriram Asset Management Company Limited will be held at Hotel Parle International, Agarwal Market, Vile Parle (East), Mumbai 400 057 on 21.09.2010 at 2.30 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31.03.2010 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Lalit P. Mehta, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. S. Bapu, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

By order of the Board of Directors

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Place: Chennai
Date: 22.04.2010

Reena Yadav
Company Secretary

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NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY TO BE VALID MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME FOR COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed on 16.09.2010 to 21.09.2010 (both days inclusive).
3. Members seeking any information with regards to Accounts are requested to write to the Corporate Office of the Company atleast 15 days in advance so as to keep the information ready at the Meeting.
4. Members/ Proxies are requested to produce at the entrance, the attached admission slip for admission to the meeting hall. Duplicate admission slips will not be provided at the hall. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID nos for easy identifications for attendance at the meeting.
5. Members are informed that in case of joint holders attending the meeting, only such joint holders who is higher in order of the names will be entitled to vote.
6. Members are requested to bring with them a copy of Annual Accounts dispatched to them by the Company.
7. Members are requested to notify change in address, if any, in case of shares held in electronic form to the concerned depository participants quoting their Client ID no. and in case of physical shares, to their Share Transfer Agents quoting their Folio Numbers.
8. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the Members in respect of the shares held by them in physical form. Nomination forms can be obtained from the Share Transfer Agents of the Company. Members holding shares in dematerialized form may approach their respective Depository Participants to avail and / or effect any change to the nomination facility.
9. Members holding shares in physical form under multiple folios are requested to consolidate their holdings in a single folio so as to enable us to serve them in a better, most efficient and effective manner.

By order of the Board of Directors

Place: Chennai
Date: 22.04.2010

Reena Yadav
Company Secretary

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DIRECTORS' REPORT

Dear Members,

Your Directors present their Sixteenth Annual Report together with the Audited Statements of Accounts for the year ended 31.03.2010

Financial High Lights:

Particulars	Year Ended 31.03.2010 (Rs.)	Nine Months Ended 31.03.2009 (Rs.)
Gross Income for the year	13,850,332	4,928,736
Total Expenditure before Depreciation & Tax	12,767,158	7,090,146
Profit before Depreciation and Tax	**1,083,174**	**(2,161,410)**
Less : Depreciation	286,692	168,951
Less: Provision for Tax	2,655,311	2,133,343
Profit after Depreciation and Tax	**(1,858,829)**	**(4,463,704)**
Balance brought forward from previous year	5,677,075	10,140,779
Profit available for Appropriation	**3,818,246**	**5,677,075**
APPROPRIATIONS		
Balance carried to Balance Sheet	**3,818,246**	**5,677,075**

Dividend:

With a view to augment the funds and to conserve the resources, your Directors have decided not to recommend any dividend for the Financial Year ended 2009-10.

Operations and Outlook:

During the year under report, your Company did not launch any new scheme on behalf of Shriram Mutual Fund. As there were no Mutual Fund Schemes under the management of the Company, the activities of the Company were limited only to attending to the outstanding unclaimed redemption amounts of the Schemes wound up. However, the Company was able to generate income out of its own investments.

Corporate Governance:

The Report on Corporate Governance forms part of the Directors' Report and is annexed herewith.

As required by the Listing Agreement, Auditor's Report on Corporate Governance and a declaration by the Managing Director with regard to Code of Conduct are attached to the said Report.

The Management Discussion and Analysis is given as a separate statement forming part of the Annual Report.

As required under Clause 49 of the Listing Agreement, a certificate, duly signed by the Managing Director on the financial statements of the Company for the year ended 31.03.2010 was submitted to the Board of Directors at their Meeting held on 22.04.2010. The certificate is attached to the Report on Corporate Governance.

Directors' Responsibility Statement:

Pursuant to the provision of the Companies Act, 1956, the Directors confirm that to the best of their knowledge and belief:

a) In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.

b) That such accounting policies as mentioned in schedule K(1) have been selected and applied consistently, and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31.03.2010 and of the loss of the Company for the year ended on that date.

c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Annual Accounts have been prepared on an ongoing concern basis.

Cash Flow Statement:

The cash flow statement for the year 2009-10 is attached to the Balance Sheet.

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Directorate:

As per Section 256 of the Companies Act, 1956, Mr. Lalit P. Mehta and Mr. S. Bapu would retire by rotation and being eligible, offer themselves for reappointment. Mr. K. R. Rajagopalan, Director of the Company passed away on 02.07.2009. His rich contributions for the overall growth of the Company will always be remembered.

Fixed Deposits:

During the year under review, your Company has not accepted any fixed deposits.

Personnel:

During the year under report, your Company has not employed any person who was in receipt of remuneration in excess of the limits specified under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Information pursuant to the requirement under Section 217 (1) (e) read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

1. Conservation of Energy

The Company has no activity involving Conservation of Energy.

2. Technology Absorption

The Company has no activity involving Technology Absorption.

3. Foreign Exchange earning and outgo

The Company does not have any foreign exchange earnings or outgo during the year under review.

Auditors:

M/s. K.S.Aiyar and Co; the Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. Certificate has been received from them to the effect that their reappointment as Auditor of the Company, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

Acknowledgement:

The Board of Directors take this opportunity to express their sincere appreciation for the excellent support and co-operation received from the Company's Bankers, Securities and Exchange Board of India, Stock Exchange Authorities and for the continued enthusiasm, total commitment, dedication and efforts of the employees of the Company at all levels. We are also deeply grateful for the continued confidence, and the faith reposed on us by the Shareholders.

By Order of the Board
for **Shriram Asset Management Company Ltd**.

Place: Chennai
Date: 22.04.2010

R. Sundara Rajan
Managing Director

Lalit P. Mehta
Director

Group coming within the definition of Group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969)

The following persons constitute the Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969).

Mr. R. Thyagarajan, Shriram Ownership Trust, Shriram City Union Finance Limited, Shriram Transport Finance Company Limited, Shriram Motor Finance, S R Real Estate Finance, Shriram Chits (Karnataka) Private Limited, Shriram Chits Private Limited, Shriram Chits Tamilnadu Private Limited, Shriram Capital Limited (formerly known as Shriram Financial Services Holdings Private Limited), and its subsidiaries namely Shriram Holdings (Madras) Private Limited, Shriram Enterprise Holdings Private Limited, Shriram Credit Company Limited, Shriram Retail Holdings Private Limited, Shriram Life Insurance Company Limited; Shriram General Insurance Company Limited, any other company, firm or trust promoted or controlled by the above.

The above disclosure has been made; inter alia, for the purpose of Regulation 3(1) (e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

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MANAGEMENT DISCUSSION AND ANALYSIS

Business Environment:

The Mutual Fund industry during the financial year 2009-10 has posted about 47% growth as compared to previous year. The positive growth compared to previous year's negative growth is the result of various stimulus packages announced by governments all over the world.The Average Assets Under Management as on 31.03.2010 stood at Rs.6.13 lakh crores as against Rs.4.17 lakh crores at the end of the previous year registering a growth of 47% over the year.

The performance of the Company for year ended 31.03.2010 is given in brief below:-

Particulars	Year Ended 31.03.2010 (Rs.)	Nine months Ended 31.03.2009 (Rs.)
Total income	13,850,332	4,928,736
Total expenditure	13,053,850	7,259,097
Profit before tax	796,482	(2,330,361)
Profit after tax	(1,858,829)	(4,463,704)
Balance brought forward from Previous year	5,677,075	10,140,779
Balance carried to balance sheet	3,818,246	5,677,075

Though during the year under report, the Company was not engaged in the management of Mutual Fund schemes, it was able to generate income from its own investments. The income out of the management of Mutual Fund schemes would depend on the decision of the Trustees of the Shriram Mutual Fund regarding launching of new schemes in future.

Risks and concern:

As our Company is an Asset Management Company, the future income generation from asset management business will depend upon the decision of the Trustees of Shriram Mutual Fund to float new schemes and the capital market conditions prevalent at the relevant time.

Internal control system:

The Company has adequate system of internal controls commensurate with its size and level of operations to ensure that all assets of the Company are safeguarded and protected and that transaction of the Company are authorised, recorded and reported correctly.

The internal control systems are supplemented by internal audit and reviews by management. The internal control systems are designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

Human Resources:

The Human resources available with the Company are sufficient to take care of the present level of operations. As and when the operations are enlarged, appropriate personnel will be inducted to deal with the size of operations.

During the financial year ended 31.03.2010, there has been no material development in the human resources aspect including number of people employed.

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REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31.03.2010

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is aimed at:

(a) Enhancing long term shareholder value by

- Taking sound business decisions; and
- Adopting and implementing prudent risk management techniques and thereby safeguarding the interest of shareholders, creditors, investors and employees at large.

(b) Thriving to optimise transparency and professionalism in all decisions and activities of the Company.

(c) Achieving excellence in Corporate Governance by

- Conforming to the prevalent guidelines on Corporate Governance, and excelling in, wherever possible.
- Reviewing periodically the existing systems, procedures and controls for further improvements.

BOARD OF DIRECTORS

Composition

The Board of Directors of the Company consists of 5 Directors from varied disciplines. The Company has a Managing Director, who manages the day-to-day affairs of the Company under the guidance and overall supervision of the Board of Directors. The Board meets regularly to discuss, review and decide upon the matters such as policy formulation, setting up of goals and appraisal of management performances with the goals and control functions, etc. Some of the powers of the Board have also been delegated to Committee/s of Directors. The Board thus exercises effective control over the overall functioning of the Company with a view to enhance the shareholder value.

During the year under review, six meetings of the Board of Directors were held on 09.04.2009, 11.06.2009, 09.07.2009, 23.07.2009, 27.10.2009, 28.01.2010 .The Fifteenth Annual General Meeting was held on 10.09.2009.

The composition of the Board, category of Directors, attendance at Board Meetings, last Annual General Meeting (AGM), and number of Memberships/Chairmanships of Directors in other Boards and Board Committees are as follows:

Name of the Director	No. of Board Meetings attended	Whether attended the last AGM	Total no. of Directorships	Total no. of Memberships of the Committees of Board		Total no. of Chairmanships of the Committees of Board	
				Membership in Audit / Investors Grievance Committees	Membership in Other Committees	Chairmanship in Audit / Investors Grievance Committees	Chairmanship in Other Committees
Mr. R. Narayanan -Chairman Non- Executive and Independent	3	No	11	2	1	4	3
Mr. R. Sundara Rajan - Managing Director Executive	6	Yes	15	5	6	3	Nil
Mr. S. Rajaratnam - Non- Executive and Independent	5	No	6	1	1	Nil	Nil
Mr. Lalit P. Mehta - Non- Executive and Independent	1	Yes	4	2	Nil	Nil	Nil
* Mr. K. R. Rajagopalan - Non- Executive and Independent	1	No	N.A.	Nil	Nil	Nil	Nil
Mr. S. Bapu - Non- Executive and Independent	5	No	Nil	Nil	Nil	Nil	Nil

* Mr. K. R. Rajagopalan passed away on 02.07.2009.

Notes:

1. While considering the total number of Directorships, Directorships in Private Companies, Section 25 Companies and Foreign Companies, if any, have been included and that in the Company has been excluded.
2. The Memberships and Chairmanships of Directors in Committees do not include their Memberships and Chairmanships in the Company.

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AUDIT COMMITTEE

Terms of Reference

The role of Audit Committee includes:-

- Overseeing the financial reporting process.
- To ensure proper disclosure in the quarterly, half yearly and audited financial statements.
- To recommend appointment of Auditors and their remuneration.
- Reviewing, with the management, the Financial Statements before submission to the Board.
- Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of internal control systems.
- Discussing with Internal Auditors on any significant findings and follow up thereon.
- Reviewing the findings of any internal examinations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussing with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post audit discussions to ascertain any area of concern.
- To discuss with management, the internal auditors and the Statutory Auditor/s the Company's major risk exposures and guidelines and policies to govern the processes by which risk assessment and risk management is undertaken by the Company, including discussing the Company's major financial risk exposures and steps taken by management to monitor and mitigate such exposures and from time to time conferring with another Committee/s of the Board about risk exposures and policies within the scope of such other Committee's oversight.
- To look into the reasons for substantial defaults in the payment to the shareholders (in case of non payment of declared dividends) and creditors, if any.
- To review the functioning of the Whistle Blower Mechanism, if any.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

During the year under review, four meetings were held on 05.06.2009, 23.07.2009, 27.10.2009 and 28.01.2010.

Composition

Names of Members	No. of Meetings Attended
Mr. Lalit P. Mehta - Chairman	1
Mr. K. R. Rajagopalan	1
Mr. S. Bapu	3
Mr. S. Rajaratnam	3

REMUNERATION /COMPENSATION COMMITTEE

Terms of Reference

Executive Remuneration

The Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to determination on their behalf and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages and any compensation payment for the Managing Director/Whole-time Directors and Executive Directors. The role of the Committee includes;

- To provide independent oversight of and to consult with Company management regarding the Company's compensation, bonus, pension, and other benefit plans, policies and practices applicable to the Company's executive management.
- To develop guidelines for and annually review and approve (a) the annual basic salary, (b) the annual incentive and bonus, including the specific goals and amount.

During the year, the Committee met on 30.03.2010.

Composition

Names of Members	No. of Meetings Attended
Mr. Lalit P. Mehta - Chairman	1
Mr. S. Bapu	1
Mr. S. Rajaratnam	1

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Remuneration Policy of the Company

for Managing Director

Mr. R. Sundara Rajan has been appointed as the Managing Director without any remuneration for a term of 2 years from 01.04.2009.

for Non-executive Independent Directors

The Company is paying sitting fees of Rs. 5000/- to Non- executive Independent Directors per meeting of the Board of Directors, Rs. 2500/- per meeting of Audit Committee and Rs.1000/- per meeting of other committees plus reimbursement of out-of-pocket expenses incurred, wherever applicable for attending such meetings.

The details of sitting fees/remuneration paid to the Directors during the year 2009-10, are as under:

Sr. No.	Name of the Director	Sitting fees for attending Board Meeting (Rs.)	Salary Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
1	Mr. R. Narayanan - Chairman	15000	Nil	Nil	15000
2	Mr. R. Sundara Rajan - Managing Director*	Nil	Nil	Nil	Nil
3	Mr. Lalit P. Mehta	5000	Nil	Nil	5000
4	Mr. S. Rajaratnam	25000	Nil	Nil	25000
5	Mr. K. R. Rajagopalan	5000	Nil	Nil	5000
6	Mr. S. Bapu	25000	Nil	Nil	25000

* The Managing Director was not paid any remuneration during the year 2009-10.

Details of shares held by the Directors as on 31.03.2010 are as below:

Name of the Directors	Share holdings
Mr. R. Narayanan – Chairman	3,000
Mr. R. Sundara Rajan - Managing Director	38,696
Mr. S. Rajaratnam	1,010
Mr. Lalit P. Mehta	500
Mr. S. Bapu	Nil

The Company does not have any outstanding ADRs/GDRs/Warrants or other convertible instruments.

SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

Terms of reference

The Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to attending to and redressal of the grievances of the shareholders and the investors of the Company.

Composition

Names of Members	No. of Meetings attended
Mr. Lalit P. Mehta - Chairman	5
Mr. K. R. Rajagopalan	1
Mr. S. Bapu	4
Mr. S. Rajaratnam	4

The status of investor grievances is monitored by the Committee periodically and the reports of the Committee are made available to the Board. During the year under review, the Committee met five time on 09.04.2009, 09.07.2009, 05.10.2009, 09.12.2009 and 16.01.2010.

The shareholders'/investors' complaints are reviewed and they are replied to, by the Company/ Share Transfer Agents regularly. The status of the pending complaints as well as the system of redressal mechanism is reviewed by the Committee periodically.

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